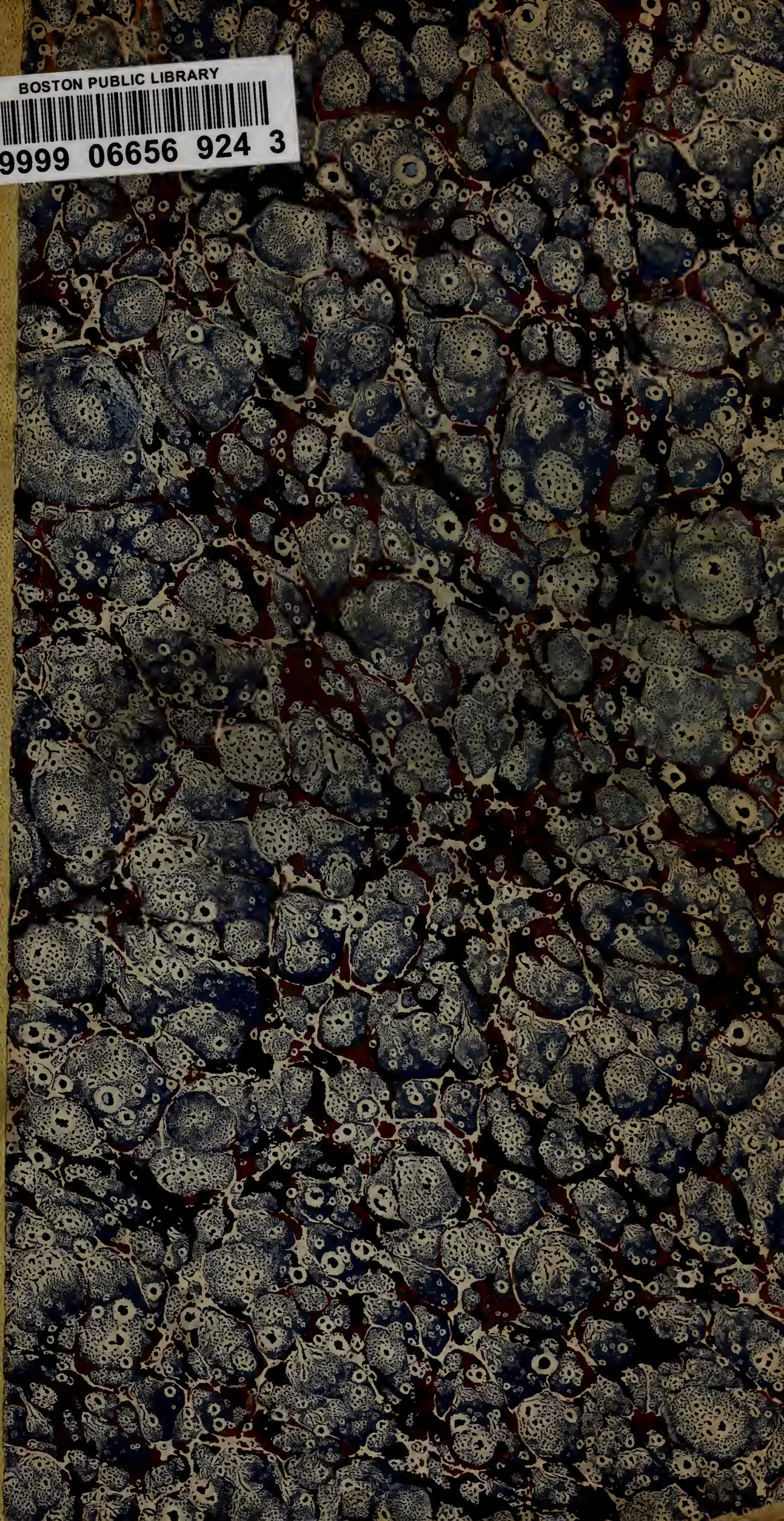


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# AMERICAN SHIPPING INTERESTS:

THEIR REVIVAL A NATIONAL NECESSITY.

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REPORT  
OF A  
SPECIAL COMMITTEE  
OF THE  
BOSTON BOARD OF TRADE,  
IN REFERENCE TO THE  
AMERICAN SHIPPING INTERESTS:  
AND  
SPEECH 5645.53  
OF THE  
CHAIRMAN OF THE COMMITTEE, 12  
AT A MEETING OF THE BOARD:  
MARCH 12th, 1871.

PUBLISHED BY REQUEST.

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"Whosoever commands the sea, commands the trade of the world; whosoever commands the trade of the world, commands the riches of the world—and consequently the world itself."—*Sir Walter Raleigh.*

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BOSTON:  
1871.  
DAILY ADVERTISER PRESS,  
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BOSTON, 28TH MARCH, 1871.

*To the* HON. E. S. TOBEY,

Sir,—We beg leave to suggest that it is desirable that the Report of the Special Committee of which you are Chairman, appointed by the Boston Board of Trade, on the American Shipping Interests, and the Speeches you have made before the Board on this subject should be published in pamphlet form—that they may be preserved for reference, and distributed among the members of Congress, and of our Legislature, and leading business men of the country. We hope you will have the kindness to furnish the undersigned with copies of the Report and Speeches, and take the trouble to supervise their publication, adding any notes you may think desirable in further explanation of this important national interest.

WILLIAM CLAFLIN,	W. B. SPOONER,
J. WILEY EDMANDS,	GEO. L. WARD,
GEO. C. RICHARDSON,	GARDNER BREWER,
GEO. B. UPTON,	JAMES M. BEEBE,
ANDREW T. HALL,	WILLIAM PERKINS.
C. O. WHITMORE,	

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BOSTON, MARCH 30TH, 1871.

GENTLEMEN,—

I have the honor to acknowledge the receipt of your letter of 28th inst.

It is gratifying to know that the opinions embraced in the Report referred to, meet your approval, I therefore cordially comply with your request, and propose in the publication of the Report to add extracts from official documents and other papers, clearly proving that the ship building interests of a country are regarded as holding a peculiar relation to national defense, and that they have ever been an indispensable resource of naval power to meet the sudden emergencies of war, and at the same time a means of largely augmenting the national wealth in peace.

I remain, with great respect,

Your obedient servant,

EDWARD S. TOBEY.

His Excellency, GOVERNOR CLAFLIN,  
Hon. J. WILEY EDMANDS,  
Hon. GEO. B. UPTON,  
and others.

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REPORT OF SPECIAL COMMITTEE  
OF THE  
BOSTON BOARD OF TRADE  
ON AMERICAN SHIPPING INTERESTS.

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PASSAGE OF RESOLUTIONS INDORSING THEIR  
PROTECTION.

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BOSTON, Feb. 24, 1871.

A special meeting of the Board of Trade was held at their rooms in Chauncy Street, this afternoon, to consider the joint resolution for the revival of American shipping interests which was submitted to the Board a few weeks ago by Mr. Griffiths, previous to being offered in Congress. The President, the Hon. Alexander H. Rice, occupied the chair, and there was a large attendance of members.

REPORT OF THE COMMITTEE ON SHIPPING.

The Hon. Edward S. Tobey, chairman of the Committee on Shipping Interests, presented the following

REPORT.

*To the Boston Board of Trade :*

THE committee to whom was referred a joint resolution proposing congressional legislation for the relief and revival of American shipping interests, which was presented to the Board at its recent meeting, by John W. Griffiths, Esq., would respectfully report :

That the proposition to establish, by United States law, a board of commissioners, with authority to examine and pass judgment upon the character of vessels of all nations which may

visit the ports in the United States, as well as those which are now owned or shall be henceforward built in the United States, and to record and classify their character, would, in the opinion of your committee, do much toward relieving American built ships from the unjust discrimination against them and in favor of British built vessels, which too often occurs under the inspection and rating by English Lloyds. While it is admitted there are local boards of inspection of shipping in the United States on whose reports the underwriters in this country and to some extent in other countries rely with confidence, yet it is presumed that a national board of inspection clothed with appropriate powers, substantially as proposed in the joint resolution now herewith submitted, would be unavoidably recognized as authority by underwriters and by shippers of merchandise in this and foreign countries, and thus secure for American built ships, if of equal merit, the same rate by English Lloyds as that given to *English built* vessels. Mr. Griffiths, who has prepared the joint resolution already referred to, is known as one of the most scientific and practical ship-builders in this country, and has an experience of forty-eight years in connection with modelling and constructing ships. His views have been laid before the committee in writing, and are so forcibly expressed that we extract the following as especially applicable to the point under consideration :

“ Among the diversified interests of foreign birth which have invaded our halls of legislation, none have so seriously affected the common weal as that, which in the absence of a national character for our vessels, seeks to *remove our ship-yards to a foreign soil*. Discovering that our merchant ships had no national recognition, that they depended upon the local surveys for their current valuation and intrinsic character, England, by the laborious efforts of her paid agencies and silent partnerships, has well-nigh succeeded in undermining confidence in American-built ships. To deprive our nautical commerce of its character is the most damaging blow that England can inflict upon us. The Alabama stole our property, but the British Lloyds have stolen our good name in the character of our ships.

“ Experience has shown that a nation’s ability to enforce belligerent rights depends, not so much upon its squadrons of war-ships, as upon the seaworthiness and character of its maritime fleets.

“Had the patriotic States been dependent upon importations of ships and machinery during the late struggle for national life, these would now be *dissevered* instead of *united* States. In a country where the industrial interests have proclaimed *commerce to be king*, where there is but one kind of home-produced material for the construction of vessels, where free trade in ships gives promise of everything to be gained and nothing to be lost, it is not strange that every effort possible should be made to add iron ships to the list of manufactured exports.

“Failing to expel our *flag* from the ocean or to check our seaward aspirations, England now seeks to dry up the source of our ambition *by the transfer of our ship-yards to British soil*.

“It was not long after Samson permitted Delilah to clip his locks, that the Philistines put out his eyes; so we would soon be despoiled of our ability to defend our thousands of miles of sea-coast, were we to accept the services of the Clyde ship-builder. The zeal of British ship-builders has induced a modification of the Lloyd rules, so that the cost of iron might be reduced to that of wooden ships.”

The fair and just rating or classification of the character of ships of all nations by a board of United States surveyors being secured as now proposed by law, the question whether American ships shall be allowed to share in the ocean commerce of the world must be determined by the question whether they can be built in this country as cheap, or approximately so, as in other countries, and whether when so built they can be allowed to rate as high in all maritime ports as foreign ships are rated, and still further, whether steamships shall receive *the same compensation for mail service* and otherwise, as the ships of *rival* nations.

In fact, the question now is, can the people of the United States lay aside sectional jealousy and prejudice in regard to this great interest and be made to comprehend that it is emphatically a national and not a merely local interest, and demand of Congress appropriate legislation? That it was early thus regarded, appears by our navigation laws, enacted immediately following the adoption of the Constitution. In 1812 Mr. Webster made the following public statement:

“Maritime defence, commercial regulation and national revenue were laid at the foundation of the national compacts. They are its leading principles and the causes of its existence. They were primary



considerations not only with the convention which framed the Constitution, but also with the people when they adopted it. They were the objects, and the only important objects, to which the States were confessedly incompetent. To effect these by the means of the national government was the constant, the prevalent, the exhaustless topic of those who favored the adoption of the Constitution."

After noticing the neglect into which the navy had been suffered to fall by a departure from Washington's political system, he adds :

"If the plan of Washington had been pursued and our navy had been suffered to grow, as it naturally would have done, with the *growth of our commerce and navigation*, what a blow might at this moment be struck and what protection yielded, surrounded as our commerce now is with all the dangers of sudden war ! "

"Even as it is, all our immediate hopes of glory or conquest, all expectations of events that shall gratify the pride or spirit of the nation, rest on the gallantry of that little remnant of a navy that has now gone forth like lightning at the becc of the government to 'scur the sea.' What war and the waves have sometimes done for others we have done for ourselves. We have taken the *destruction of our marine* out of the power of fortune, and nobly (?) achieved it by our own counsels ! "

As this great interest was laid at the foundation of the government of the United States, so England also has secured her maritime supremacy by treating the shipping interest as lying at the foundation of her governmental policy and naval power. In proof of this we quote from the able pamphlet just published by Mr. Bates, an eminent ship-builder of Chicago, the following extract from the navigation law of England :

"In the year 1381, the first navigation act to encourage English ship-building was passed. It reads thus : 'That for increasing the shipping of England, of late much diminished, none of the King's subjects shall hereafter ship any kind of merchandise, either outward or homeward, but only in ships of the King's subjects, on forfeiture of ships and merchandise, in which ships also the greater part of the crews shall be of the King's subjects.' This law in its operation greatly augmented the maritime power of the state and secured to the

King a large fleet of new and improved vessels, available as a navy in war times, without the expense and delay required to construct war vessels on occasion."

True to her national interests, thus early recognized, England has from 1381 to the present time fostered and developed her shipbuilding interests, until she may now justly claim commercial supremacy on the ocean, which may be regarded as very nearly equal to naval supremacy. She has added to her natural advantage of *cheap materials, labor and capital, an omission to tax every article entering into the construction* of a ship, or supplies used on shipboard, and by a compensation for mail service of five millions of dollars annually, creates and sustains a steamship fleet connecting her with every quarter of the globe. Until 1861, the year when the war of the rebellion put afloat British-built privateers to prey on our shipping, and when our government of necessity also created a redundant paper currency, and at the same time, in taxing every interest to support the expense of the war, taxed also her *merchant ships*, which were in fact a part of her naval power, the tonnage of American-built ships had steadily increased until it was largely in excess of that of Great Britain, and in successful competition with the *sailing ships* of all nations. Trans-Atlantic ocean steamships were the only exception to this statement. The reason is obvious—England has, from the first line commenced on the North Atlantic in 1838, uniformly and liberally subsidized her steamers. The government of the United States has refused to do so in the North Atlantic, excepting in one instance—viz. that of the "Collins" line. The advantage of the subsidy in that case was more than counterbalanced by excessive cost of construction, and equally excessive cost of navigating, consequent on the unwise purpose of attaining a much higher rate of speed than its foreign rivals. Added to this was the enormous steam power, large and costly engines, and corresponding loss of carrying capacity. The unfortunate results the people and government of the United States seem never to have forgotten, and hence have preferred to surrender the valuable steam commerce of the world to foreign nations, rather than again adopt the long-cherished and successful protective policy of the British government.



The cost of this unfortunate policy of the United States since that time has been forcibly illustrated by the following estimates of the Secretary of the Treasury in his annual report of last year, viz. :

“One of the most efficient means of strengthening the country in its financial relations with other countries is the development of our commercial marine. The returns show that a very large amount of the foreign trade is in English hands. We are not only thus dependent on a rival country for the performance of the business which should be in the hands of our own people, but our ability to maintain specie payments is materially diminished. If the entire foreign trade of the country, both imports and exports, were carried on in American ships, the earnings would not be less than *seventy-five millions of dollars a year*. At present the freights of the foreign trade in American ships do not exceed twenty-eight millions of dollars. Were this trade exclusively in American hands a large part of this difference of forty-seven millions would be due to the United States and payable in other countries. This amount would be thus added to our ability to pay for goods imported from those countries. I deem it therefore essential to our prosperity that the shipping interests of the country be fostered not only as a nursery for seamen, *but as an essential agency in enabling the government to institute and maintain specie payments.*

“*It is an interest also which in its development is as important to States and people remote from the sea coast as it is to the maritime section.* Every addition to our facilities for the export of the products of the interior is as advantageous to the producers as to the merchants and builders on the coast. While I do not anticipate that it will be necessary to delay resumption until our proper commercial position is regained, I am satisfied that the development of the navigation and shipping interests will improve the credit and rapidly augment the wealth of the country.”

The foregoing estimate is fully sustained by an able writer in a pamphlet recently published in Washington. On this basis it is evident that this country has lost in the last ten years at least *three hundred millions of dollars*, which has been paid into foreign hands for freight of merchandise under a foreign flag, not to mention the enormous gain to the industry of the country which could have been made if our ship-yards and steam-engine establishments had been employed, instead of being



now deserted. These establishments, with the 35,000 artisans who built the ships which sustained our blockade and performed transport service, now standing idle, are more indispensable to the government than the aid of the government is to them. Is it not, indeed, a national humiliation and disgrace that such facts should exist and no remedy be applied by the government, to whom the people look and have a right to look for *national* legislation? The remedy must be obvious. The depressed state of shipping and its relation to foreign shipping is an admitted fact, and has been officially laid before Congress in the able and exhaustive report of its own special committee, which during its recess visited every seaport city on the Atlantic coast to investigate the subject. Its revival as a national necessity is also admitted. The simple question is, by what legislation can it be done? Your committee answer, *by cheapening the cost of ships and compensating for the service performed by steamships to the full extent which England has, and by which she has acquired her present ascendancy on the ocean.* Complex bills, novel and mysterious measures, made to humor sectional prejudices, simply mislead Congress and tend to defeat all legislation. Let us hope that Congress will heed no devious or uncertain measures proposed to it, but separating the impracticable from the practicable, embody the experience of England's sagacious policy, in its legislation, and then the enterprise and capital of the mechanics and merchants of the United States, will again show its ability to cope with foreign rivals. Let every bill which provides for land grants or bonds be dismissed, and, let our government squarely meet the question in the same manner by paying direct from the treasury for ocean mail service as it does for *mail service by railways, &c.*, as the English government has done by paying direct from the treasury for ocean mail service, as it does for mail service by railways, &c. It will thus create a powerful auxiliary to the naval power of the country at the least possible cost. Would that the statesmanship of other days might be revived.

Said Senator Rusk, of Virginia in 1858:

"Sir,—As I said before, you cannot stop the course of events. Steam is revolutionizing the world. It is bringing men of different nations together, and it draws after it in its train consequences which

the most daring statesman cannot now foretell or foresee. *You must control it, or it will control you. In the hands of others it will control you.* Controlled, as it is in our power to control it, it will become the element of infinite prosperity to us; but in the hands of rival nations it must become the source of national degradation and loss to us.

“Steam is your own invention, and England is using it. I think the senator from Virginia said he was in favor of free trade and an open ocean. Sir, I could not regard the ocean as very open when a thousand British war steam vessels were hovering upon our coasts while we have but forty to meet them.

“This is a sort of openness of the ocean from which may God deliver me. It would, indeed, be open to England, and our ports would be open to her, too. This, however, is a kind of open ocean and free trade against which I solemnly protest.”

Senator Collamer said also upon the floor of the Senate :

“One of two things must happen. Great Britain must monopolize all the valuable commerce of the world, or we must go on with this system, for individual enterprise cannot possibly compete with her.”

Said Senator Crittenden, of Kentucky, in 1858 :

“You are obliged to employ ships to carry your mail, and if there is another great object connected with it while they are transporting your mail, you can incidentally enable them to break in on that monopoly which the great commercial power of the world is endeavoring to establish and maintain by means of her ascendancy in naval power. Is it not well to do so?

“Gentlemen speak of free competition. Competition, where? Upon the ocean? All the world run there! *Can you have a free competition with England, she giving a stipulated compensation to her ships and you none to yours? Clearly not.* There is no fair competition between England and the United States, so long as the one gives a premium for diligence and expedition and speed, and the other does not.”

These are utterances from the lips of statesmen of another generation who have now passed away; but we of the present day are realizing the bitter truths which they contain. Must it, can it be, that we are still to rest idle and permit this disgrace and this national calamity to rest upon us longer?

“But,” says the agriculturist, “you tax my plough,—why not remit duties on that as well as on the ship?” The fair answer is, your plough is not in such relations to the naval power of the country as is and ever has been the merchant ships of the United States. Our sea-coasts can be defended in war as they have already been, and our naval power and prestige maintained amongst other maritime nations whether your plough costs fifty per cent more or less. No interest is so peculiarly and emphatically a national one in respect to defence in war as the merchant ships of a country. Thus England has ever treated it. Her free-trade writers so regard it, and advocate its exemption from taxation, and give encouragement and protection by subsidies. In like manner should the free-trade advocates of this country favor it, or failing to obtain the needed legislation we must accept the humiliating and inevitable alternative of absolute subordination of the naval and maritime power of our country to that of England, and even that the financial resources of the United States shall be diminished by transferring the gold of her treasury into the hands of British ship-builders who shared in the efforts of our enemies to destroy the Government of the United States. To such possible results your committee are unwilling to believe that the Boston Board of Trade will lend its influence.

Respectfully submitted, with the accompanying resolutions.

EDWARD S. TOBEY,  
WILLIAM T. GLIDDEN,  
FREDERICK NICKERSON,  
OSBORN HOWES.

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## RESOLUTIONS.

WHEREAS, The English government, by an undeviating policy, has from its earliest history protected and developed her shipping interests, until she now claims supremacy on the ocean over all other maritime nations, and

WHEREAS, This has been attained by her omission to tax all materials entering into costs of construction of vessels and all supplies



used on shipboard, and in addition to this she has created and sustained her vast fleet of steamships, connecting her with all parts of the world, by the payment of over four millions of dollars annually for the transportation of mails by ocean steamers, and this notwithstanding her free-trade policy ; and

WHEREAS, She encourages her mechanics by building in private yards four-fifths of the iron steamships now in her navy, and thereby greatly augments her national resources and wealth ; and

WHEREAS, The government of the United States, to a great extent, has pursued precisely the opposite policy, so that to-day not a line of American-built steamships traverses the North Atlantic Ocean, and our shipyards are nearly unoccupied and deserted,—

*Resolved*, That the general interests of the people of the United States demand that Congress shall at once enact such laws as shall give to American mechanics, American seamen and American merchants encouragement equal to that enjoyed by the subjects of Great Britain, in regard to shipping interests.

*Resolved*, That the naval power of the United States can be most economically and effectively sustained by encouraging the construction of American ships in this country only, to be navigated by American seamen and owned by American citizens.

Mr. Tobey supported his report and resolutions with an argument in opposition to free-trade in ships. He quoted largely from English parliament reports and English newspapers, as well as free-trade writers, showing with what astonishment Englishmen viewed any proposition that the British government should subsidize foreign steamers. He addressed his remarks particularly to the advocates of free-trade, and also argued that the documents in favor of the admission of foreign-built vessels, which were issued under the auspices of the National Board of Trade, did not have that discussion and consideration before the conventions at Cincinnati and Buffalo which would entitle them to be regarded as the commercial sentiment of the country. He recognized those documents as the work of the able Secretary, Mr. Hill. Mr. Hill made a personal explanation with regard to the documents, showing that they were passed upon by a committee. Mr. Tobey made the further statement, that a report on the revival of American shipping interests, which contained the implied principles of the present

report, was unanimously adopted by a National Commercial Convention of two hundred and forty members from all parts of the country, held in Boston in February, 1868, and also that the past action of this Board had always been in support of the doctrine of this report.

A minority report was presented by Mr. J. W. Candler, a member of the committee, which was advocated in remarks made by Messrs. Candler and Atkinson.

Hon. E. R. Mudge offered an amendment to the majority report, that a drawback be allowed on all materials employed in the construction of American ships which may be employed in foreign commerce, as these ships alone will run in competition with foreign-built ships.

At twenty-five minutes past six the vote was taken on the substitution of Mr. Candler's report. It was lost. The majority report was then accepted and passed, with Mr. Mudge's amendment, by a nearly unanimous vote.

It was voted that a copy of the resolutions be sent to each Massachusetts Senator and Representative in Congress.

The Board then adjourned.





## AMERICAN SHIPPING INTERESTS.

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At an Adjourned Special Meeting of the Boston Board of Trade, held in their rooms in Chauncy Street, on Monday, March 12th, 1871, to consider a series of resolutions in relation to American shipping interests offered by Mr. J. W. Candler at the last meeting, Hon. A. H. Rice in the chair.

Mr. E. S. Tobey offered the following resolution as an amendment to the resolutions offered by Mr. Candler :

*Resolved*, That this Board reäffirms its resolutions passed at its last meeting by which it recommended such legislation by Congress as shall aid and encourage the building of ships in the United States, to be owned and navigated by citizens of the United States, as the most economical and effective means of developing and sustaining the power and prestige of the United States navy as its auxiliary in the future, as it ever has been in the past.

He also submitted a series of amendments entirely changing the tenor of Mr. Candler's resolutions, and supported his amendment by the following remarks :

*Mr. President*, I will not presume on the forbearance of this Board so far as to repeat the somewhat elaborate argument so recently placed before it, and which was followed by a nearly unanimous vote in the adoption of your committee's report, and the resolutions which it recommended. Indeed, I would not add another word on the subject had not its consideration been forced on this meeting after so short an interval, and if I had not also been made the chairman of your committee. Nothing short of the most sincere conviction of public duty and the prominent relations to this subject in which by the action of this Board for the last ten years I have been placed, would have induced me to devote the thought and time which has been necessary to advocate, here and elsewhere, such measures as in my judgment were vital to the best interests of our country. The

opinions which have been hitherto expressed by this Board on this subject have been in accord with the public sentiment of the country, as already indicated, and if to-day this meeting, shall perchance reverse its record, it must be regarded as a result of the indefatigable efforts of a few of its zealous free trade members who may seize on this occasion to place the "Boston Board of Trade" on the side of free trade. It is well known that in its original organization, representative men were invited to share in its membership, from the several branches of industry. The evident necessity for better and more systematic internal transportation prompted those more immediately familiar with the domestic commerce of this country to unite in the active administration of the affairs of the Board. Very few ship-owners and almost none of the ship-builders joined the association at the outset, and I believe comparatively a small number are now members of it. You have already by a nearly unanimous vote endorsed the opinions and principles of the report which I had recently the honor to submit. I repeat, therefore, if through the enterprising efforts of the free trade members of this Board, its past action shall now be changed, without disproving one fact or refuting a single argument of the report, let it not be accepted as the fair and true opinion of this community, but rather as a result of the fallacious sophistries of free trade, having no application to the question before us. On a former occasion it was shown by quotation from the ablest free trade writers in England—Stuart Mill and others—that British steamship and ship-building interests should be, as indeed they literally have been regarded and treated as a peculiar and national interests to which their free trade principles do not apply. Says Mr. Mill:

"A good government will apply its pecuniary means when practicable in aid of private efforts, rather than in supersession of them and it will call into play its machinery of rewards and honors to elicit such efforts." He adds: "English navigation laws are grounded in theory and profession on the necessity of keeping up a 'nursery of seamen' for the navy. On this subject I at once admit that *the object is worth the sacrifice*, and that a country exposed to invasion by sea, if it cannot otherwise have sufficient ships and sailors of its own to secure the means of manning, in an emergency, an adequate fleet, is

quite right in obtaining those means even at an economical sacrifice in point of cheapness and transport."

Says McCulloch,

*"Human institutions must be accommodated to the varying circumstances and exigencies of society."*

In common phrase, circumstances alter cases. This, Mr. President, is just the kind of "free trade" that we need in the United States. Fascinating as are the theories of free trade to the student as a mere abstract principle, and as adapted to a state of society and to circumstances which he may imagine ought to exist, the more practical mind will admit the principle announced by McCulloch, that institutions must be accommodated to the varying exigencies of society. Under this rule our own country has ever prospered, and may continue to promote her varied interests by the adoption of a moderate and discriminating protection, suited to her peculiar circumstances, and which shall encourage and indeed stimulate the aggregation of capital, not for its own sake, but as a means of employing the labor of the country in the diversified channels of industry to which it may be more especially adapted. Let the skilled artisans of Europe come to this country to share in developing its inexhaustible resources, to be fed nearest the sources of agricultural production, instead of remaining in their native country struggling for existence on starvation prices for labor, to be fed by American grain transported from the point of production in our western States to England, a distance of five thousand miles, and thereby enhanced so much by the cost of transportation that often the poor consumer cannot afford to buy it at any price which will net to the American farmer much more and sometimes no more than his corn is worth for fuel. But, Mr. President, I do not propose to pursue this line of remark; let me rather appeal to my free trade friends here, to regard American ship-building interests as an exception to all other interests, because of its peculiar relation to the naval power and defence of the nation. Thus England has ever treated it. Thus she now treats it. This statement was verified

(See Appendix.)



by my quotations at the recent meeting of this board, from the debates in the English Parliament when the question of mail subsidies to British steamships was under consideration, and by extracts from the leading and most influential newspapers of England, and also by the free trade writers of England. Of these I will repeat one only, although the entire time of this board might be occupied with similar quotations. Says one of these papers :

“We do not know who hopes that the Société Impériale of France might be induced to make an offer for transportation of the Indian and China mails. We don't. We, and we think the country at large, would be horrified if the carriage of our Indian and China mails were handed over to the French. We should almost as much desire the French to undertake our military service as our postal.”

*And the British government was so horrified at this idea that it in fact did authorize mail contracts to be renewed with the Peninsular and Oriental Steamship Company for the transportation of mails to China, at a cost of nearly \$2,500,000 annually, a large advance on the compensation paid to that company for more than thirty years. Would that the people and government of the United States could become horrified in the same manner and with similar results. On the basis of official estimates it might have saved to our national resources, during the last ten years, three hundred millions of dollars in postal service and freights earned by American-built and American-owned steamships and sailing vessels.*

Can any one question how England regards her mercantile marine and her private ship-building establishments as related to her naval power, in view of the fact that four-fifths of her iron naval ships and engines are built in private yards? Notice the admonition of one of England's statesmen in Parliament, in 1867, on the question of allowing a foreign company to make a proposal for carrying the British mails :

“But,” remarks, Mr. Laing, “when you come to a question like this, when all steamers that enter the ports of the East, employed in conducting or transporting the correspondence and communications with all parts of the East, are seen to carry the French flag, then I say there is

*nothing so dangerous to the prestige of the English name as to have it supposed that French enterprise and French influence have the preponderance, and that the French flag has taken the place of the English.* [Loud cheers.] There is nothing, I am satisfied, that tends so surely to keep up the name and the influence of England in the East as the sight of those splendid steamers coming and going with the regularity of clock-work. Then look at the political considerations which are involved in the question. What complications might we not find ourselves involved in with France or some other power, if we establish a contract with a *foreign* company."

Would that the government of the United States might be equally averse to establishing ocean mail contracts with a foreign company, notwithstanding the disinterested representatives of British ship-building interests in this country, kindly recommend that this government should not grant subsidies to encourage American capital and American labor. By the recent report of the Postmaster-General, it appears that the amount paid by the United States government to foreign steamship lines during the past year for mail service between the United States and Europe, is \$322,291, which, being added to the compensation paid by European governments, is just that amount of encouragement to foreign steamship interests and an absolute discouragement to the American capitalist, who cannot be expected to enter into such competition unaided by friendly legislation. *I ask especial attention to this fact.*

England having sagaciously established her commercial and naval supremacy, may complacently smile at the humiliating condition of our prostrate ocean commerce and the plausible but fallacious arguments by which her volunteer advocates are misleading American public opinion, perhaps inadvertently, but with nevertheless equally pernicious consequences.

Observe the complacent if not the exultant tone of one of England's ablest political economists. McCulloch remarks as follows:

*"The self-interest of the parties is the only safe principle to go by in such matters. The real question which now presents itself for the consideration of Englishmen is, not what are the best means by which we may rise to naval greatness, but what are the best means of preserving the undisputed pre-eminence in naval affairs to which we have attained."*



Does any one question that the American ship-building interest is a national one? Let him consider the following facts and statements resting on the official authority of the chief of tonnage in the Treasury department of the United States. In this report, published in January of this year and transmitted to Congress by the Secretary of the Treasury, occurs the following statements :

#### DEPENDENCE OF THE NAVY ON THE MERCANTILE MARINE.

“During the war of the rebellion the value of vessels built in the navy yards was \$12,756,606, and in private establishments \$30,461,755, or seventy per cent. of the ship-building was done in private establishments. Two marine engines only were built in the navy yards, (both of which were built at the Washington navy yard,) whereas there were 175 built outside. It also appears that  $84\frac{1}{2}$  per cent. of the entire work of building vessels and engines for the Navy Department was done at private establishments. In addition to the vessels thus supplied to the Navy Department, 343 were either built for or purchased by the War Department, (all built at private establishments,) whose total tonnage was 100,583 tons, and aggregate value was \$9,397,125; besides, 2,503 vessels were chartered as government transports. The tonnage of the United States navy in 1865, built in the navy yards before or during the war, amounted to 280,517 tons, whereas the total force added from the merchant marine during the war amounted to 1,175,132 tons, or 419 per cent. of the entire marine force built by the government. The value of work done for the navy during the late war in the building of vessels and marine engines amounted to \$64,317,778, of which 80 per cent. *was done at private establishments*. Besides, all the vessels built by the War Department during the war were built at private establishments.”

The Secretary's report adds further :

“But the government is no less dependent upon the merchant marine for seamen than for ships. In 1861 the forces of the navy embraced but 7,600 men to meet the necessities of the war to 51,500 in 1865. Besides which there were employed by the War Department 24,000 seamen upon transports, making the total marine forces 75,500 men, or about ten times the force employed in 1861. It seems to be impossible for the government, under an economical administration of the Navy Department, to maintain in time of peace the skilled labor.



the requisite machinery, or the ships necessary to meet the possible exigencies of war. *The education of constant labor is necessary in order to maintain in any country a large force of mechanics skilled in the manufacture of ships and marine engines, and this can be accomplished only through the ordinary demands of a prosperous merchant marine. The naval architects and mechanics employed in our navy yards have acquired their practical education at private establishments.* Sometimes our navy yards have exhibited great activity, and again a sweeping discharge has left all stillness where yesterday was heard the noise of hundreds of busy mechanics. These sporadic efforts displayed by the government are certainly unfavorable to the development of genius, or of a high degree of mechanical skill. It is a question of national policy whether it is not better for the government, in order to meet the requirements of its ordinary navy, to contract for the construction of iron war-ships and marine engines at private establishments."

I have quoted thus largely from the official report of the Treasury Department, to prove that the views and opinions I have so often expressed here and elsewhere on this great national interest are by no means limited to myself, and are fully sustained by facts officially reported to the government. They are fully shared by nearly every practical mind in the country which has candidly and thoroughly examined the facts in the case, and which is not biased, as may be presumed, by mere personal interest. In view of such evidence of the absolute dependence of the naval power of the country on its mercantile marine, resting not on mere hypothesis or theory, but on facts ascertained by official investigation, how can this Board consent to favor a policy which must inevitably disperse still more effectually the capital and industry hitherto employed in the private ship-building establishments of the United States, and this country be thus made to rely on free trade and free British-built ships? Do our free-trade friends expect that the ship-building interests of our country must wait for the "good time coming," to be revived when the general adoption of their extreme views will, as they assume, bring the cost of living and of wages to a level with those of England?

Pray, will they inform us at about what time they expect to attain that result, and when attained where will be the capital

hitherto employed in ship-building, and the noble, skilled artisans who have constructed the American merchantmen and naval ships which have been the pride and strength of our country, working in mutual coöperation in the maritime war of 1812 with Great Britain, and in the recent war of the rebellion, as so forcibly proved in the facts already presented? No, the real point at issue with the free trade advocates seems to be, in the language of the report to Congress:

“Shall we pay American rates of wages to American laborers and have an American merchant marine, or shall we abandon the enterprise to foreigners who will pay foreign rates of wages to foreign laborers and give us a foreign merchant marine?”

“The mechanics, artisans and laborers engaged in all the internal industries of the country bear the common burdens of the national debt and enjoy the social advantages of American citizenship, because they receive American rates of wages for their labor, which rates are higher than those of any other country. The question now comes up to the national government. Shall we not also pay American rates of wages to the men who build ships and to the men who ‘go down to the sea in ships?’ If we pay American rates of wages to American laborers on the land, shall we not also secure American rates of wages to American laborers on the sea?”

“The policy of protecting this great and important enterprise is therefore directly and essentially in the interest of the laboring men of the United States. There were in 1860 about 30,000 laborers in this country employed in ship-building. Thousands of these have been obliged to seek other employments after spending five or six years in learning their trades. In the city of New York alone, over 2,000 machinists and other educated laborers have been thrown out of employment by the decline in the building of marine engines and steamships. The Allaire works, the Ætna works, the Fulton works, the Neptune works and other establishments formerly employed in building iron ships and marine engines have been closed. Thus the very art of building ocean steamships is dying out among us.”

*Mr. President*, shall the influence of this board be given to perpetuate this state of things, and aid so far as it may by its



opinion, to inaugurate a policy which shall strike the last fatal blow by which all hope of reviving the shipbuilding interests of our country must be abandoned? Shall this great branch of national industry be transferred to the Clyde, and to build up our powerful naval and commercial English rival? nay,—I fear we may yet be compelled to say, our great naval sovereign. Shall we accept the generous and gratuitous advice of the representatives of British shipbuilding interests, who naturally enough advise us not to build ships of wood; although England has earned all her past reputation and success on ships and steamships built of that material, and considered it the strongest until she found *iron to be the cheapest*. Most of her navy is constructed of wood, and iron ships so called are generally iron plated on wooden hulls. This is also true of the Russian, French and of the American navies. Ships of 6,000 tons and upwards built of wood and propelled by screw constitute some of the most efficient ships in the navy of every maritime nation, as is well known. The Franklin, Farragut's flag-ship, the pride of our navy, is built of wood. Shall we accept the opinion of the agents of foreign interests who warn us against imitating the policy of England in granting subsidies, as she does, to the amount of more than four millions of dollars annually? Is England likely to recommend a commercial policy to be adopted by this country *adverse to England's interest*? Such disinterestedness does not ordinarily pertain to governments or to nations as such. Individual cases may exist of such public liberality, but, I repeat, they do not generally pertain to governments.

But, Mr. President, I forbear to occupy the time of this board longer, and beg to thank the gentlemen present for their indulgence. I am content for the present to leave the subject thus imperfectly presented, as I am aware, and will merely in conclusion express the hope that the amendments to the resolutions may meet the approval of this board, as did the report and resolutions of the committee which so recently were *adopted by nearly unanimous vote*.





## APPENDIX.

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OPINIONS drawn from various sources which substantially sustain the principles and arguments contained in the foregoing report and speech.

ENGLAND ADVOCATES SUBSIDY ON NATIONAL GROUNDS.  
EVIDENCE THAT SHE REGARDS HER MERCANTILE MARINE AND  
HER PRIVATE SHIP-BUILDING ESTABLISHMENTS AS  
AUXILIARIES TO HER NAVY.

Extract from speeches in the British Parliament in August, 1867, on the subject of a renewal of mail subsidies to the Peninsular and Oriental Steamship Company, instead of employing the service of the French Steamship Company known as the “Messageries Impériales or of any other FOREIGN company.”

Mr. Crawford, in the House of Commons, says :

“Wherever postal communications has been extended there commerce has invariably been attracted; in fact, the conveyance of the mails has proved a most efficient agency for increasing our trade in all parts of the world.

“The next point of importance, and it is, perhaps, the most material one in connection with these contracts, is the disposition which has been shown by the government to follow up the principle of economy by affording to *foreign* companies the power of competing with our own steam companies or other British subjects who might be inclined to tender. (Hear, hear.)

“Now, what I desire to do on this occasion is to protest, in the name of what I consider to be the interest of the country and the interest of commerce, and in justice to our own companies, against the ships of the *Messageries Impériales*, or of any other foreign company, being employed in the conveyance of our Eastern mails. (Loud cheers from all parts of the House.) You may carry the principle of economy too far. (Hear; hear.) Such a course of proceeding would be free trade gone mad. (Renewed cheers.) I am convinced that the subject has not been sufficiently considered. For what would be the position of this country in the event of a war or any interruption of existing relations taking place? Supposing the *Messageries Impériales* or any other foreign company, to whom, as I understand, the forms of these tenders have been sent, are allowed to tender for one part, what is there,

if that policy is adopted, to prevent them from tendering for any other part or for the whole of the service; and if they tendered on lower terms, and the contract were awarded to them, what would be the position of our commerce, what the position of our political and social relations with India, in the event of our being unfortunately engaged in hostilities with the country with whose people the contract has been entered into? or even in the event of that country being at war with some other? (Hear, hear.)

“ I am of opinion that there is a question of grave national policy involved in our maintaining these great lines of Packet Service. And the French seeing this, it has been a part of their policy for years past to *construct a commercial marine of their own*, propelled by steam, which shall enable them to compete with the large companies of this country. *The French have seen what the Peninsular and Oriental Company's ships did in the Crimean war. They then carried upwards of 60,000 men from this country, 2,000 officers and between 11,000 and 12,000 horses. We know, also, what the Peninsular and Oriental Company did at the time of the Indian mutiny. Where should we have been if its vessels had not been in existence then to take out our troops and military stores to India? (Hear, hear.) We know, too, what was done by another company in the “ Trent ” affair. We know how 10,000 men were sent out to Canada by the Cunard line of steamers and other vessels, almost at a days' notice. The French Government have seen all this, and are ready and willing to raise for themselves a power on the seas equal to that which we hold through the agency of these Packet Companies. In point of fact, The Messageries Imperiales must be considered as almost a department of the French Government. (Hear, hear.) For not only do the Imperial Government pay the company now, but they are under contract to continue to pay for years to come, not an uncertain subsidy, (though a subsidy that will gradually diminish until the average is brought down to about 16s. a mile,) but when the contract was entered into, the French Government moreover advanced the company half a million sterling out of the Imperial funds, to enable them to build their ships. (Hear, hear.) And not only that, they also gave the company £75,000 to represent the expense of putting the vessels on the station. So that the whole of the service is practically maintained out of the Imperial exchequer of France. (Hear, hear.) And this is the company with which our steam shipping companies here, and our steam shipping companies in India, for there are persons there who will tender, are called upon to compete. Now, what I wish to do on the present occasion, is simply to enter my protest against any act on the part of Her Majesty's Govern-*



*ment which shall saddle this country with a contract either with the Messageries Imperiales or any other foreign Company. (Loud and general cheering.) I hold that such a course would be contrary to public policy ; that it would be unfair and unjust to the Peninsular and Oriental Company, and that it would be an act of political insanity for us to put such a weapon into the hands of any foreign Government whatever (hear, hear ;) and more especially so, bearing in mind that the weapon thus put into their hands has been first taken out of our own. (Loud cheers.)"*

*"I think, then, it is rather too much to expect that the interests of this country, commercial, social and political, should be made to depend upon the good will of any foreign government whatever."*

Mr. Childers, (late Secretary of the Treasury,) says :

"It is notorious that the whole object of the French government is to do that which they have not successfully done up to this time, namely, to create a good recruiting ground for their navy, and so be enabled to compete with us in the command of the sea. The only thing they require, but which they have not been able to obtain up to this moment, is a large *mercantile navy* such as we possess. They have ships, they have building yards, and they can procure materials as good as ours and at as fair a price ; and at this time in France a man has a decided advantage in building a ship over the man who is doing so in this country. On the Thames I have to pay a shilling a ton more in my yard for coal than if I were building a ship at Havre. There remains only one other matter for me to notice—it is this : So long as we keep the Peninsular and Oriental or other English companies engaged in the large operations they have hitherto performed for us, we possess an enormous advantage as a maritime power."

Col. Sykes says :

"Supposing, then, you have an offer from the Messageries Impériales Company, which will, of course, be infinitely below anything that we can tender in England, will you accept it ? If you do, what then ? You place our postal communications with our Eastern dependencies in the hands of a foreign government, for the Messageries Impériales Company is nothing more nor less than a government institution. (Hear, hear.) It would, therefore, be an act of very great indiscretion, indeed, to do it, or to accept any tender *from any foreign body whatever*. We know that, merely as commercial speculations, the steam-shipping companies have failed, to the cost of a large number of shareholders. With regard to the Peninsular and Oriental Com-

pany, it has been in this position: *that it has been considered as in the light of an auxiliary to the navy.* It has 53 ships, and the whole service is in such a state of efficiency that it has been, in truth, an *auxiliary to the navy.*"

#### OPINIONS FROM THE BRITISH PRESS.

*From the "Morning Advertiser," August 5.*

"We briefly called attention on Saturday to the debate on the estimates for the Packet Service, and to the astounding proposal of the government to allow the *contract for that service to pass into the hands of a foreign company.* The subject is so important that we need not apologize to our readers for again bringing it before them; for not only are English interests of very great magnitude involved in this question, but what has always been considered an important principle of English government and society is at stake—a principle only to be departed from in cases where there is a clear and overwhelming justification for doing so.

"What makes the affair the more startling is the fact that steps have been taken to invite the French company, the Messageries Impériales, to tender for the carriage of the British mails to India and China. If the strong opinions expressed in Parliament last week upon this subject have had the effect to open the eyes of the government, we shall have escaped a perilous blunder. If they have not, we are still in danger of it, and therefore the more plainly we speak out the better.

"On the part of the government, Mr. Hunt has explained that, in offering their contract to public competition, they have been animated solely by a desire to promote economy in the public service. With that view they have offered the contract 'to the whole world'—a very large term—'be they French, Chinese or Japanese.' Mr. Hunt evidently made this statement with a proud sense of the liberality and impartiality of the government, and apparently with a very poor opinion of the intellect of the honorable members whom he addressed.

"He might, with equal reason, have plumed himself on their generosity in allowing the inhabitants of China and Japan to compete for a prize to be given to the writer of the best prose essay on the present condition of our Eastern packet service. There are only two companies capable of doing the work of this service. They are the Peninsular and Oriental Company—English; and the Messageries Impériales—French. *Now free trade is an admirable thing in its way; good as a principle, not good as a hobby. There is a point at which*



*it ceases to be legitimate, and at which it becomes corrupt, mischievous and intolerable.* We buy corn from any country that will sell it to us, and we refuse protection to our farmers. Protection to the farmer was injustice to the people, who had the first right to be considered. It was, in fact, robbing the people to confer a benefit, real or supposed, upon the growers of corn. But no one was ever so mad as to say, ‘We will buy our corn only in foreign markets,’ or ‘We will contract for the food of the people, and let the French, the Russians or the Americans feed us, to the exclusion of our own farmers, if they will undertake to do it for less money.’ But that is exactly what the government propose to do with respect to the Eastern packet service. Mr. Crawford very justly described their plan as ‘*free trade run mad.*’

“But it is really chargeable with a worse fault than this, and we confess we are astonished how such a proposal could emanate from men who have any knowledge of the world in which they live. Mr. Hunt tells us that the government principle is ‘the promotion of economy in the public service.’ *Economy, like free trade, is a good thing—in its proper place. But things are not necessarily good because they are cheap.* Let us suppose that the post-office were to save the whole of the £48,000 which it is said to lose by the Indian packet service if the service were performed by the Messageries Impériales instead of by the Peninsular and Oriental Company. What then? Our gain would be £48,000, a mere bagatelle to such a country as this. But what would be our loss? We cannot clearly understand how this subject affects us until this question is answered.

“Mr. Hunt talks of ‘promoting economy in the public service!’ Governments are as destitute of conscience as corporations. But neither Parliament nor the nation are absolved from the obligation to possess a conscience.

“This, however, is by no means all. The Peninsular and Oriental Company is the result of English enterprise. It is the largest steam company in the world; its fleet numbers 53 steamers, with an aggregate tonnage of 86,411 tons, and 19,230 horse-power. It reckons the capital invested in its undertaking by millions. It is ready to do any work that the country requires; and, above all, it is one of those ‘great facts’ which we owe to the English principle of private enterprise. According to that principle, government stands aloof, and regards the individual efforts of the nation as sacred ground on which it has no right to trespass. How often do we hear this principle proclaimed by the government benches when some suffering English or Irish interest, which would be all the better for a helping hand, asks for help in vain!



“But here is a great and prosperous interest, one of the most magnificent results of individual enterprise which we possess; and our rulers tell it that they are ready to sacrifice it to a false principle of economy—penny wise and pound foolish. Nay, far worse than that. *Monstrous as it appears, they actually propose to subsidize in France, and for the sole benefit of France, an undertaking which is already subsidized by the French government.* The Messageries Impériales is the result of a desire upon the part of the French to provide themselves with a fleet similar to that of the Peninsular and Oriental Company. It is the creation of the French government, which has subsidized it to the extent of nearly £600,000. *Our own government purposes to add enormously to this subsidy.* Thus, the English and French governments are uniting their efforts to *bolster up a French company for the promotion of French interests, and to knock down an English one to the infinite damage of English interests, to the ruin of important vested rights, and to the fatal discouragement of English enterprise. Can anything be more absurd or unjust?* Truly, the device reflects honor on the *perverted ingenuity* of Her Majesty’s government, but it says very little for *their discretion or patriotism.*”

*From the “Daily News,” August 14.*

“To abandon the present system of subsidizing a private company would be to abandon those advantages which experience has proved to attend it; to employ a foreign company exclusively would be practically to transfer the lines of communication into hands which might some day prove hostile, and that without a moment’s warning.

“It is impossible to contemplate without a shudder the consequences which might result if the government should ever neglect to maintain its own means of communication with the East. If war should arise, it might be difficult enough to keep up the communication even with a fleet so well appointed as that which now exists. But if the fleet upon which this country relied were in the hands of a foreign power, what would be the consequence? In the first place all communication would at once cease. A new mercantile or postal fleet would have to be organized, and this would not be rendered more easy by the fact that at the same time other fleets would have to be equipped and manned to meet the enemy. Nor, it should be observed, would this result arise in one case only.”

Mr. McCulloch says:

“On the 9th of October, 1651, the Republican Parliament passed the famous Act of Navigation, which has been pompously designated

the *Charta Maratima of England*. This act had a double object. It was intended not only to promote our own navigation, but also to strike a decisive blow at the naval power of the Dutch, who then monopolized almost the entire carrying trade of the world.

“So far as it depended on us, Holland, the Netherlands, and Germany were by it virtually placed without the pale of the commercial world; and yet the *policy*, if not the motives of *this statute*, have met with very general eulogy.”

Extract from pamphlet published in Washington.

#### ECONOMY OF BUILDING NAVAL SHIPS IN PRIVATE YARDS.

“If the object of large annual appropriations for the support of navy yards be to provide for a naval service in time of war, then that object can be much more readily and cheaply attained by expending a portion of the money thus set apart every year in creating and fostering a steam merchant-marine, which becomes a source of wealth and prosperity in peace and naval strength in war.

“If there be those who are disposed to doubt the soundness of this proposition, let them examine for one moment the present condition of the British navy in so far as its chief element of strength is concerned, to wit: its iron armor-plated and other iron vessels of war.

Whole number of iron vessels in the British navy.....	97
Iron armor-plated.....	33
Other iron vessels.....	64
Whole number built in government dock-yards.....	17
Whole number built in private yards.....	80
Whole number of iron armor-plated ships built in government dock-yards.....	8
Whole number of iron armor-plated ships built in private yards....	25
	— 33
Whole number of iron ships of war built in government dock-yards,	9
Whole number of iron ships of war built in private ship-yards.....	55
	— 64

“When the capacity of private ship-yards to supply the entire naval wants of the first naval power in the world is thus demonstrated, and the vast benefit which accrues from the existence of such yards in creating and fostering the merchant-marine of the first commercial power is thus shown, what is there to be offered—what can be said in support of the extravagant naval expenditures and the narrow policy toward our steam merchant-marine that has so long and so fatally been persisted in by the Government of the United States?

“The existing decadence of American commerce is due to something else than the piracies of the *Alabama* and her consorts in marine



robbery. These destroyed our sailing fleet or drove it into foreign ownership. To that extent we were injured. But assume that to-day we still retained all this tonnage, we should still be practically as far behind in the race for maritime supremacy as we are now. For it is a *steam* merchant marine that we want, and that every nation must have to take a front rank as a commercial power at the present day. The failure to possess this is due alone to the narrow policy which has been pursued by Congress during the past years in declining to pursue a similar course to that which England has followed in paying liberal reward and giving liberal aid in behalf of the creation and preservation of ocean mail steamships.

“What public expenditure can possibly be made that will bring larger returns in wealth, prosperity, national prestige, honor and protection to the whole country than this? How can the lessons taught by the experiences of the past, both to our own and the Government of Great Britain, be more wisely profited by than by meeting the issue squarely now? by admitting that the country wants and must have an ocean steam marine second to that of no other nationality, and that Congress must come to the aid of individual enterprise to accomplish this end, and endeavor to shift the responsibility no longer?

“By adopting a system of direct cash compensation, to be paid to American steamship lines made up of nothing less than first-class steamships, possessing all the attributes in speed, strength, and sea-going qualities generally which modern requirements exact to bring them up to this ‘first class’ standard, and by retaining for its own use and benefit the postages on the mail matter conveyed by such steamships, instead of allowing it, as is done at present in lieu of other compensation, the Government will expend no more money than under the existing system. The money that it is now paying, in the shape of postages to foreign lines, is certainly equivalent to direct subsidies furnished to such foreign lines, and would, of course, be equivalent to subsidies to American lines if it were paid to them instead. It is true, that under the law regulating the transmission of the mails to foreign countries, American lines—if any existed—would be entitled to these postages. But it has been shown that it is idle to expect that any such lines can be called into existence now to compete with these foreign lines, which already have possession of the ocean, and which have been and are enabled to keep it, first, by direct aid from the Government which they represent; second, by this direct aid which they receive from our own in the form of postages; and third, by thirty years’ accumulation of wealth and establishment of passenger and freight traffic,”



Testimony of leading American Merchants, Ship-Owners, and  
Others, upon the Question of Steamship Subsidies,  
before Special Committee of Congress, at  
its Session in Boston and New York.

The attention of every person who entertains a desire to create a steam merchant marine, and thus bring about a practical revival of American commerce, is invited to the subjoined testimony of American merchants and ship-owners of national reputation, taken before the Congressional Committee on "the causes of the reduction of American tonnage."

This testimony exhibits fully and fairly that there is but one way and one hope for the real revival of our commerce, and that is to do as other maritime nations are doing and have done for years, in the payment of liberal subsidies to mail steamship lines.

The annual amounts now paid by England and France for mail steamship service are as follows, viz :

England . . . .	£1,096,338,	equal to	\$5,306,305.92
France . . . .	24,519,516f.	"	4,560,629.97

*Testimony of A. A. Low, merchant and ship-owner  
of New York, (Report of Committee,  
pages 44, 45 and 46.)*

My own belief is that the policy of England, in subsidizing lines of steamers to the various ports of the world, has given her a prestige which is almost insuperable. Her mechanics have been trained in the construction of iron ships and of all the machinery requisite for the purpose, and it would seem to me that it would take our mechanics a long time to get into a condition to compete with England. \* \* \* Our country is so large, and the opportunities for the employment of capital are so diverse, that our legislators do not give that attention to commerce which the statesmen of England do. I think the English statesmen have been wiser than ourselves in subsidizing largely, in the first instance, all their ocean lines, until they have trained their mechanics perfectly in the creation of steamships. There is a very interesting article in the Times this morning which shows what the English are doing in that line. It is easier to explain the causes of our decline than it is to

suggest a remedy. If there is any way of relieving the ship-building interests from the duties imposed upon it for the protection of other American industries, that would certainly be a step in the right direction. If a subsidy could be given to ocean steamers that would be an offset to the extra cost of building our steamers, that would be another mode of meeting the difficulty. My own impression has been that large subsidies should be given as an inducement, and that those subsidies, while they would cost the government something in the beginning, *would cost the government nothing in the end.*

I only know that the English have adhered to the policy of sustaining their ocean lines of steamers by sufficient subsidies. They have never shrunk from the necessity of paying whatever was needed to continue a line to distant countries. For instance, if a line of steamers were formed to Australia and were unsuccessful, and if it were found that a larger subsidy was necessary to continue it, they would liberally give what was sufficient for the purpose.

#### ENGLAND HOLDS SUPREMACY ON THE OCEAN BY PAYING SUBSIDIES.

In a word, the English have always, in peace and in war, manifested a determination to hold the supremacy on the ocean; and the supremacy which they acquired by arms in war they have in peace acquired by subsidies. They have, deliberately and intentionally, driven the Americans from the ocean by paying subsidies which they knew our Congress would not pay. I believe it has been the deliberate purpose on the part of England to maintain her supremacy upon the ocean by paying larger subsidies than any other nation, as long as subsidies were necessary to preserve their control. I believe that when the Collins line was running, the subsidy to the Cunard line was renewed for the express purpose to enable it run off the Collins line. It was renewed several years before the expiration of the subsidy granted, so that the Cunard line might enter upon contracts for new ships, and a committee of the English Parliament, similar to this committee, was employed to make the most minute investigation into the matter. It was after the most careful inquiry by that committee that the contract with Cunard was renewed for the express purpose of enabling that line to run the American steamers from the

ocean ; and they have driven us from the ocean by that policy just as effectually as they ever did drive an enemy from the ocean by their guns.

*Testimony of George Opdyke, Esq., of New York,  
(page 57 of report of Committee.)*

While I am opposed in theory to all government subsidies, it would seem to be essential, if we desire to control the maritime commerce that properly belongs to us on important lines, that our government should, to some extent, follow the policy of Great Britain in that respect, as otherwise we cannot probably successfully compete with her. How far that policy should go I am not prepared to say. *In theory I am opposed to it altogether.* But from the present crippled condition of our commerce, if we desire to regain the position that we once held, I am inclined to believe that it would be good policy for the government in proper cases, where valuable lines of steamers should be established between this and other important ports of other nations, *to meet Great Britain with her own weapons and grant subsidies in some form.*

*Testimony of Paul M. Spofford, merchant and ship-owner of New York, (pages 66 and 67  
of report of Committee.)*

The CHAIRMAN. Do you believe that if the duty on ship-building materials were taken off, the demands of American ship owners for ships could be supplied by our ship-builders at as low a cost as they could be got by purchasing them abroad ?

Mr. SPOFFORD. I think that it would require some little time to get things organized. Our commerce has received too severe a blow, not only by direct but by indirect causes. Take, for instance, the case of the Collins and Cunard lines of steamers. The Cunard line has been in the receipt of a very heavy subsidy, while the subsidy to the Collins line was discontinued. We find that the English government is paying subsidies for its mail service all over the world. Of course that gives the re-



cient of such subsidy a very great advantage. I do not say that it is an insuperable advantage. I think that talent and attention to business will sometimes overcome this advantage. But, all other things being equal, it certainly gives a very great advantage. Government subsidy has been the English idea for many years, and it seems as if it was now being followed up by the French. The French and English are building up a magnificent marine, and ours is all going to decay. Within a comparatively few years the business of ocean commerce has been much changed. Steamships have taken the place of sailing-vessels. That alone is one cause of the decay of the business of building sailing-ships. Take our own case. A few years ago we had a line of packets from New York to Liverpool, comprising five or six of the largest ships sailing out of port. We could not run those packets now in opposition to the steamers. We have been obliged to send them to the Pacific. It is not because they are under the American flag as much as it is because we come right into competition with steamers which, on these short voyages, can carry their freight at a less rate. The English steam marine has been built up by subsidies in the mail service, and by the efforts which have been made in every way to develop that interest.

*Testimony of Nathaniel McKay, ship-builder of Boston, (page 121.)*

If the government will only go to work and relieve the ship-builders and give us some subsidy for mail lines of steamers, you will see the hammers and axes at work in every ship-yard. The government gives millions of subsidies to railroads, and for want of a subsidy to steamships it allows all our trade across the ocean to be carried on in foreign bottoms.

*Testimony of E. S. Tobey, Esq., Chairman of Committee of the Boston Board of Trade, (pages 123, 124 and 125.)*

The English Government had increased its subsidies to steamship lines. It had increased that of the Peninsular and Oriental

line from about two hundred thousand pounds sterling originally to five hundred thousand pounds. England claimed to be a free trade country, but what did she do with her foreign commerce—her steamship interest? She protected it to a degree that no other interest there ever was protected; but why? Because it was the most potent means of developing every other commercial interest, and because it was the cheapest way of sustaining her navy. Earl Gray had said that one of the reasons why he was in favor of subsidizing steamships to all parts of the world was, that swift ships bring back swift orders for manufactured goods. And, as illustrating the force of that remark, in less than five years after subsidizing the line to Brazil, the exports from England to Brazil *increased three hundred per cent.*

While England possessed the natural advantage of cheap coal, cheap iron, cheap labor, cheap capital, she was not content with them as a means of competing with other nations; but she very wisely took a still further step, and, for the purpose of drawing capital to the development of her steam commerce, she had commenced in 1838 to pay four steamers, running from Liverpool to Boston, eight hundred thousand dollars a year for carrying the mails. She had commenced, the same year, the subsidies to the Peninsular and Oriental line, and increased them till they now reached five hundred thousand pounds sterling per annum. The course which England pursued in subsidizing her foreign commerce he regarded as wise.

Just as soon as the policy of the United States government would allow American ship-builders to construct vessels as cheaply as they are constructed in England, by remitting the duties on materials, and would then compensate steamship lines for carrying the mails to the same extent and for as long a period as England did, and would then remit the duties on all ships' stores as England did, and would then omit to tax the American ships internally as England omitted to do—when the United States government accepted those ideas and acted on them, it would be found that the enterprise and skill of the people of the United States would enable them to compete with any other people.

The policy of subsidizing had not been pursued by England alone. The Emperor of the French had seen the results



achieved, and had said that he was not going to have such a powerful neighbor without competing with her, and he had commenced to subsidize a line to New York, which to-day received twenty-six thousand dollars in gold for every round trip. And the result was that the last New York enterprise, the line of the Arago and Fulton, had had to surrender. Although the United States government had given them the postal service, they were compelled to withdraw and to give up the whole route to the French. The Pereire and Ville de Paris had been built in Scotland, but it was because the Emperor knew very well that France had not the experience in naval construction to compete with England or with the United States in the merchant marine. It was just the same with Germany and with Holland. They were subordinate naval powers, and therefore had no objection to allowing foreign built vessels to their registration. They saw their advantage in transportation interests. They had acted wisely and well in the matter. But the United States, occupying a great central position, especially in relation to the continents of Asia and Europe, claiming even to be the rival of England and France as a naval power, could not afford to do so. The navy and the mercantile marine of the country had done, prior to the late war, more than anything else to raise the reputation of the nation before the maritime nations of the earth, and to make the American flag respected; and every American citizen wanted to see that flag flying again in every foreign port. In the war of 1812 New England owned seven-eighths if not a larger proportion of the tonnage of the United States. The merchants of Salem had contributed out of their own pockets to build the Essex frigate, which chased hundreds of British ships from the seas, which went into the mouth of the English Channel, and which so harassed and restrained the commerce of England that the rates of insurance went so high as practically to exclude their ships from the sea; and this had been one of the most potent means of bringing England to terms. He had adverted to these facts to show the intimate relations that existed between the naval power and the mercantile marine, and to show that the one cannot be maintained without the other. The men who constructed ships were needed as well as the men who navigated them; and he believed that everything possible



should be done to cherish the ship-building interest. He felt encouraged and hopeful that when the facts were fully investigated and understood it would be found that the interests of the country, irrespective of section, demanded the restoration of the American flag not only on sailing-vessels but on steamships on the ocean.

*It had been assumed, erroneously, that the people of the West had no particular interest in the matter of shipping. But he proposed to show that they had absolutely more interest in it than the people of the East had. The latter could better afford to dispose of all their ships and to invest the proceeds in Western railroads, where they could get a better return to their capital, than the people of the West could afford to dispense with the facilities for getting their produce to foreign markets at a low rate of transportation. If the United States government should pay a subsidy for carrying the mails across the Atlantic as large as England pays—so large as to compensate entirely the ship-owner for the whole voyage, and so large that he could say to the producer or shipper, “ We can afford to carry your goods for nothing, we are so liberally compensated by the government”—who would be deriving the most advantage from it? The producer in the West. He could have his goods transported at a very low rate, because the ship-owner could afford to do it, and competition would induce him to do it. Therefore the subsidy paid out of the treasury of the United States and assessed on the general interests of the country would be one of the best means of developing the agricultural interests of the country, by aiding to cheapen transportation from the place of production to the place of consumption on the other side of the Atlantic. Hence, as a mere practical question, the people of the West had as much interest in promoting lines of steamships and sailing vessels as the people of the East. He had never met the first man in his intercourse in Washington, or in a convention of two hundred and forty members held in Boston two years ago, who dissented from the general proposition that it was of the greatest national importance to restore American commerce under the American flag. That convention had unanimously voted a resolution to that effect, which had been transmitted to Congress.*

In conclusion, Mr. Tobey stated, in reply to a remark by Mr. Calkin, that American ship-owners must be put on the same footing as foreigners. They must have all the encouragement that foreign governments give to their commerce; and even then the American ship-owners would be placed under the disadvantage arising from the condition of the currency.

*Testimony of Mr. Franklin W. Smith, (page 126,) Treasurer of the Atlantic Iron Works at Boston.*

The object of the English subsidies had not been simply to keep up a mercantile marine, but had been also to keep afloat, in the cheapest possible way, a naval force; and England had done it. She could throw fifty thousand men upon any point of the globe to-day earlier than any other nation.

*Testimony of Wm. H. Webb, of New York.*

MR. CALKIN. As Mr. Webb has had experience in running steamers to Europe, I desire to ask him whether, if Congress should pass a law relieving the shipping interest so that iron steamers could be built as cheap in this country as abroad, and if Congress should subsidize them to a small amount, could a line of steamers then compete with the present European lines and pay a fair dividend to the owners?

MR. WEBB. I have had some experience in running steamships in different directions—in the past year to Europe. Judging from that experience, I should say that if Congress should pass a law relieving the construction of steamships from the onerous duties now paid, and should also grant a liberal subsidy—I cannot say a small subsidy, but a liberal subsidy, no more than European governments have heretofore granted to their ship-owners—we could run steamships and compete successfully with any of the foreign lines.

*Testimony of Mr. P. M. Wetmore, of New York, (Report of Committee, pages 14, 15.)*

MR. P. M. WETMORE, of New York city, \* \* \* \*  
advocated the subsidizing of American lines of steamships, giv-

ing some facts in reference to former subsidies to the Collins line, and to the two lines owned by Mr. Law and Mr. Aspinwall. He declared his belief that whenever the *United States government would restore the system of giving reasonable subsidy to mail steamers on the ocean, it would be a happy day for the commerce of the country. Americans to-day could not send a letter to any nation in Europe without hiring a foreign steamer to carry it.* He did not think that creditable to the intelligence, the enterprise, or the public spirit of the country. He gave an illustration of the injury to the American trade with China, caused by the necessity of our sending, some years since, American letters destined to China through the English mails.

*Testimony of Mr. Poillon, ship-owner and ship-builder,  
New York, (Report of Committee, page 54.)*

MR. WELLS. Do you not think that allowances of reasonable subsidies to new lines of steamers, in connection with those other measures, would have a tendency to increase our commercial interests?

MR. POILLON. I think that that is the only way we can ever recover the European trade; but it would not be requisite in regard to other trade. The English have such an immense start over us in the European trade that that is the only way we can ever place ourselves even with them, even if we should build ships as cheaply as they do.

MR. WELLS. Do you not think that our business men here would give American bottoms the preference?

MR. POILLON. American merchants have not the same unity of action that the English merchants have. Capital is more abundant in England, and the English are content with less interest for their money. For any enterprise that looks like paying at all there never is any lack of capital there. The English and French have pursued the same policy in the South American trade. They subsidize vessels to a large extent in the Brazilian trade and in the trade to the west coast of Africa, and wherever there is an opening to build a commerce, there they subsidize ships. The result is that in the Brazilian trade



the French lines are superior to the English, as they have more encouragement.

Mr. WELLS. The French subsidize their ships heavier and have finer ships?

Mr. POILLON. Yes, sir; that is the opinion I have heard expressed by Brazilians of them—that the French ships are preferred to the English.

Mr. CALKIN. Then I understand from you that the English and French governments are subsidizing their steamers running to South America and to other ports more than they do those running to this port?

Mr. POILLON. Yes, sir; that is done to get this Brazilian trade. That has always been the policy of England. It was so in relation to this country. It was the means employed to crush out the Collins line—together with the opposition of Vanderbilt, who failed to get a subsidy for his line at that time, and then turned and helped to crush the Collins line.

Mr. CALKIN. The English government formerly subsidized the Cunard line more than it does now?

Mr. POILLON. Yes; the line is now more able to take care of itself. But the English government would have supported that line to any extent rather than see it broken down.

EXTRACT FROM THE REPORT TO THE SECRETARY OF THE TREASURY IN RELATION TO FOREIGN COMMERCE, BY JOSEPH NIMMO, JR., CHIEF OF TONNAGE DIVISION, TREASURY DEPARTMENT, WASHINGTON, JANUARY, 1871.

It is folly to suppose that the United States or England or any other nation ever adopted a policy of this kind, or any other reciprocal arrangement of trade, on account of an adherence to any dogma of political economy, or from any motives of liberality in their dealings with each other. The following forcible language of the Hon. David A. Welles, late Special Commissioner of the Revenue, in his report for 1868, concerning the fiscal legislation of the nations of Europe, is equally applicable to the subject of maritime reciprocity, and should dispel any false ideas which may possibly exist in regard to this subject:

“A careful study of the financial systems of the various commercial nations of Europe has led the Commissioner unhesitatingly to the con-

clusion that whatever may be the state of European public opinion in respect to free trade, and whatever may be the claims preferred for it on the broad grounds of liberality and humanitarianism, the fiscal legislation of Great Britain, France, Germany, Belgium, Holland, Austria and Russia is now, and always has been, framed solely and exclusively with reference to one object, viz., *the promotion of supposed national self-interest*, and has never had the *slightest regard to the interest of any other nation, or to any arguments other than those based upon specific national wants and specific national experiences.*"

The pecuniary value of the shipping interests of the United States engaged in our foreign trade, both American and foreign, together with gross earnings and men employed, are estimated to be as follows :

Value of American vessels, (sail and steam,) . . .	\$69,131,105
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Value of foreign vessels, (sail and steam,) . . .	104,080,933
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Gross earnings of vessels engaged in our foreign trade :

Gross earnings of American vessels, . . .	34,325,470
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Gross earnings of foreign vessels, . . .	63,532,282
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Estimated number of men employed in our foreign trade :

Number of men employed on American vessels, . . .	36,300
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Number of men employed on foreign vessels, . . .	45,372
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England has always viewed with a jealous eye the maritime development of other nations, for her merchant marine is the chief source of her commercial power. With the United States, her most formidable maritime rival in international commerce, she has always refused to be bound by treaties of full maritime reciprocity, and the general relations of commerce between the two nations still exist by virtue of our law of reciprocity enacted in 1828, and her reciprocal act of Parliament of 1849. *Her statesmen, while advocating the broadest freedom of trade declare shipping to be an exception to the general rule, and to-day our commercial relations permit British ships to capture our commerce in our own ports and prohibit American fishermen from capturing codfish in so-called British waters, or curing them on the rocky shores of her possessions on this continent.* American fishing vessels are also denied the privilege of obtaining shelter for more than twenty-four hours in British ports in stormy



weather. In its geographical extent, this is a form of protection which surpasses any measure of the kind ever proposed or adopted in this country.

The privilege granted by England of admitting foreign-built vessels to *British registry* is *practically a matter of small account*. During the year 1869 the tonnage purchased of foreigners by British subjects amounted to but two per cent. of the total tonnage built in the United Kingdom during that year.

By her vast net-work of steam lines concentrating in her own ports *England connects in one vast system the commerce of every nation on the globe, thus gaining a maritime power and prestige not less effective than that which she won by force, when she destroyed the maritime power of Holland, and made herself the commercial mistress of the seas*. Yet we cannot fail to admire the sagacity, and to give full credit to the patriotic motives, which have animated the statesmen of Great Britain. *Let us emulate their wise and patriotic example*.

There are considerations highly affecting the national reputation and prestige throughout the world, which pertain to our merchant marine, and which appeal to the pride and patriotism of every American citizen. The ship in foreign waters is properly regarded as the representative of a nationality, and the flag at her mast-head invests her with those benefits of protection from foreign governments, which are the right of every citizen abroad. In this respect our merchant marine is entitled to considerations which apply to no other class of property. No fact of history is better established than that the nation which commands its own commerce must also own its own ships. A few years ago, not only was the American flag seen in every commercial port of the globe, but the American merchant followed the flag, and in every mart of trade took up his residence, and prosecuted his business, in connection with establishments in the United States. But we now find that British merchants and British houses are taking the places which our citizens once held abroad, and even in our own country a large part of the importing business is being carried on by the merchants of Europe. Thus our commercial and political influence as a nation is weakened.



*In our coasting trade, American vessels enjoy absolute protection, foreign competition being entirely excluded. Yet no sensible man proposes to surrender to foreigners this invaluable exclusive privilege of American ships. The question arises, rather, Shall we not also in some degree protect our shipping engaged in foreign trade?*

Our first necessity is manifestly the establishment of a prosperous ocean steam marine. In that immense trade between the United States and Europe which now supports 133 foreign steamers, let the American flag be represented on at least one line of ships, unsurpassed for elegance and speed, which shall carry the United States mails, and receive such protection from the National Government, as shall surely prevent their failure from the combined opposition of foreign lines.

### “DON'T GIVE UP THE SHIP!”

EXTRACTS FROM A PAMPHLET BY WILLIAM W. BATES, ESQ., ON  
“AMERICAN SHIPS, THEIR PAST AND FUTURE.” — CHICAGO,  
1870.

## OCEAN NAVIGATION.

### AMERICAN COMMERCE.

The main question now before the people of the United States is American commerce. To the citizen of spirit, American commerce means American merchants, American shipowners, American shipbuilders and American navigators. That is not American commerce which is organized in its machinery in foreign shipyards, or controlled in its exchanges in foreign counting-houses. To a true American commerce, American legislators are essential. In their duties toward the State such will be guided by comprehensive views and policy. They will acknowledge the public growth in power and prosperity to spring from the well-rewarded industry and extensive commerce of private citizens, that the spirit of ocean commerce takes into view transmarine as well as domestic States, and is able by nautical science to make the sea even more fruitful than the land in its capacity for enriching the nation. An American statesman will assuredly recognize one law for every form of industry and enterprise, and

that law is the universal one of self-protection against foreign encroachment.

As but recently the power of the Republic was mocked by revolution, so has the utility of American commerce been derided by the devotees of cupidity. It is said that foreign merchants will do business for smaller profits ; that foreign shipowners will carry goods at lower rates ; that foreign shipbuilders will build vessels, and foreign navigators sail them *cheaper*, than Americans. Why, therefore, should American farmers send their products to market in any other than "foreign bottoms?" True, foreign shipping owes allegiance and pays taxes to a foreign government, and the carrying trade enriches a foreign people ; but how does that concern us ? It costs too much to the American farmer, it is too expensive to the American stevedore, truckman and dock laborers for other citizens to take the places of foreigners and engage in nautical commerce. It is unwise for own Government to patronize business of so much difficulty as establishing lines of steamers on the sea, it is so much easier for it *to build harbors for foreign shipping*, and grant lands to railroads across the plains, the only drawback being that foreigners cannot have a monopoly of the trains as well as the transports, or go "home" to spend their earnings Saturday nights.

Say the advocates of foreign ascendancy, let foreign nations dominate the seas ; the ocean is no part of the United States ; and were it so, its scaly inhabitants will never exercise the franchise. China is the oldest of seaboard nations, yet its people vex not the seas by going abroad to trade ; they dwell at home, and permit the outside barbarians to come or send to them, and so may do all the people of America.

#### THE NAVAL POLICY OF ENGLAND.

The Naval Policy of England may be traced back to Alfred the Great, whose mighty mind conceived the idea that a nation possessing insufficient military strength to resist the tide of invasion from its over-sea enemies, might, by the creation and maintenance of a powerful naval force, completely prevent their landing upon its soil. Under the protection of the fleets, thus born of necessity, and built from superior designs to those of the Danes, Alfred was enabled to establish that frame-work of inter-



nal policy and government, from the wisdom of which Great Britain has to this day benefited.

There can be no doubt that if Harold, the Saxon monarch of England, had copied the example of Alfred, and depended wholly upon his naval resources, the conquest of William and his Normans would never have been achieved. After the conquest, the shores on both sides of the British channel came under the same rule ; and the constant intercourse across the narrow seas, for a period of more than three centuries under the Norman sway, wonderfully fostered and developed the commercial spirit of the people of England.

It was during the reign of the Norman monarchs, in the twelfth century, that England first put forth her claim to the "sovereignty of the seas," meaning at that time the seas lying between her own domain and the continent.

#### AMERICAN SUPERIORITY THE WORK OF PRIVATE ENTERPRISE.

The Commercial Marine of the United States was substantially the work of private enterprise. Shipbuilding and navigation flourished under the patronage of merchants alone.

Neither crowned heads, nor royal societies, have contributed their aid towards improvements, as in some countries of Europe. Possessing a genius for nautical adventure, the American merchant has contended singly with his wary rivals across the water. Enterprises that promised to be remunerative have been undertaken, and those that might prove unprofitable have been let alone, or abandoned. With the exception of the fisheries, American exploits in commerce have cost the nation comparatively nothing. The whole fabric of our commercial renown has been the voluntary work of individual enterprise, guided by the free play of maritime intuition. Incorporated companies have been few and feeble by sea, while by land they have proved the irresistible agencies of developing the power of the State.

Since the second war with England, the American public took no note of monitorial events seaward, or deemed them other than the magic signals of a perpetual motion, by which the machinery of commerce was popularly supposed to be operated, until the *Alabama* and *Shenandoah* began to make history for



the "*Confederate States*." It is now very generally understood throughout the Union that the American people had ships at sea at the beginning of the late war ; and some of our older citizens remember that in that of 1812 something was said about "Free Trade and Sailors' Rights." This watchword meant American ships, and their right to trade as neutrals ; and American sailors, and their right to serve the flag of their adoption. "*Free trade*" now means *British ships*, and their right to monopolize *American commerce*, and as for "sailors' rights," it is advocated that they go ashore and buy a section of granted land from some railroad company owned principally by foreign stockholders, and thereon "sow their oats."

The history and success of American shipping did not fail to teach the government of Great Britain that her ancient craft was endangered thereby ; and as the carrying trade of the world "commands the commerce of the world," and commerce controls the manufactures, it would be ruinous to that nation to lose her maritime power. To its deep chagrin, therefore, the United Kingdom beheld, that American merchants followed the course of American ships, factors in trade soon grew into HOUSES in commerce, and manufactures flourished as well as farms, in the New World.

Not only was this lesson learned from the marine of the United States, another one was committed to memory from the page of naval history ; to the effect, that in the nineteenth century the carrying trade of the world was not to be won by broad-side valor, as when Spain and Portugal, Holland and France, were successively crushed in battle, as commercial rivals.

A wiser, *but equally hostile spirit*, determined to continue the strife for superiority in shipping by force of PROTECTED COMPETITION, devoting the national "sinews of war" to accomplishing its purposes through nominally private and peaceful enterprises. Money was henceforth to be substituted for blood ; but the fruits of victory were to be the same, namely, commercial supremacy, and the domination of the seas.

The guns and armaments of former fleets, to which the top-sails of every nation came down at the bidding of the British pennant, have disappeared from the theatre of interference with trade. CONTRACTS for carrying "Her Majesty's Mails" have

superseded them, perhaps not altogether. The Alabama type of corsair has likewise been proved a valuable auxiliary in contending with a rival of Republican Constitution ; but we do not hear of them doing the work of the French or Prussian navy in the present war.

It will be seen from the foregoing text that the commercial system of England must be examined for a full comprehension of the secret causes of the decline in our ocean commerce, and shipbuilding. Without this examination we shall never realize the true state of the case, or wisely determine upon the means of restoring our lost wealth in ships. The commercial enterprises of England have ever been conducted in the spirit of war, and in the same spirit they must be met. The denial, postponement and dodging witnessed upon the subject of the "Alabama Claims" fairly indicates her national feelings, her past and future history. We shall look in vain for a settlement of those claims. She will never give us back our ships. We must either *take* them, or build *new ones in their places*. *Let our Government do one thing or the other, and if the latter is to be the remedy, let us have a foundation for ocean commerce laid deep and strong, and protected by the whole strength of the nation.*

MEMORIAL OF CITIZENS OF THE UNITED STATES, PRAYING FOR LEGISLATION LOOKING TO THE ESTABLISHMENT OF LINES OF AMERICAN STEAMSHIPS BETWEEN THE UNITED STATES AND EUROPE—JANUARY 26, 1871. REFERRED TO THE COMMITTEE ON COMMERCE.

From which the following extracts are taken :

The fact that we have practically ceased as a nation to occupy a place among the leading powers of the world in the possession of a modern first-class ocean steam merchant marine is so patent to all minds, that it does not seem necessary for your memorialists to array before you any statistical statements in proof thereof.

Recent events in Europe have clearly demonstrated to the whole country our almost utter helplessness in this respect, and our inability to transport our own mail matter or the products

of our country to foreign parts whenever the nations which now perform this service for us are involved in war.

It is to put an end to this humiliating state of facts and to inaugurate a practical revival of American commerce, which is now so earnestly desired on all sides, that your memorialists now respectfully ask your prompt and favorable action upon the bill referred to.

### SERVICE TO EUROPE.

And they ask from the Government payment for such service, at the rate of \$300,000 per annum for a semi-monthly service, \$600,000 per annum for a weekly service, and \$900,000 for a semi-weekly service, and a like proportion for any additional service.

In support of this proposition the attention of Congress is respectfully asked to the following facts :

### REPORT OF POSTMASTER-GENERAL, YEAR ENDING JUNE 30, 1870.

The total postages, sea and inland, on letters sent from the United States to Europe for the fiscal year ending June 30, 1870, was .....	\$739,919 96
Divided as follows :	
North German Lloyds, of Bremen .....	114,299 34
Hamburg American Packet Company .....	95,475 42
Inman line .....	48,941 63
Cunard line .....	39,952 66
Liverpool and Great Western .....	17,113 59
Canadian line .....	\$6,387 13
Ruger Brothers .....	122 10
	<hr/> 6,509 23
	322,291 87
Add United States inland postages .....	208,814 04
	<hr/> 531,105 91
Total United States inland and sea postages .....	531,105 91
Add foreign inland postages .....	208,814 05
	<hr/> 739,919 96
Total United States inland and sea postages, as above, four	
departures weekly .....	\$531,105 91
Less for Canadian service .....	6,387 13
	<hr/> \$524,718 78
Under the acts 15th June, 1860, and 3d March, 1865, an American steamship line would be entitled to sea and inland postages. A semi-weekly line of American steamships would, therefore, be entitled to one-half the above amount as compensation for such service, which would be	262,359 39



The actual rate of annual increase of the number of letters sent from the United States to Europe from 1862 to 1870, inclusive, has been as follows :

Year.	Number of letters sent from the U. States to Europe.	Increase from previous year.	Rate of inc'ce from previous year.	Increase from 1862.	
				Increase in letters.	Rate of increase.
			<i>Per cent.</i>		<i>Per cent.</i>
1862.....	2,678,341	.....	.....	.....	.....
1863.....	2,882,795	204,454	7.7	204,454	7.7
1864.....	3,315,569	432,774	15.	637,338	23.1
1865.....	3,596,300	280,771	8.4	917,962	34.3
1866.....	4,505,663	909,363	25.2	1,827,332	68.2
1867.....	4,902,750	397,087	8.8	2,224,419	83.
1868.....	5,401,986	499,236	10.2	2,723,655	101.7
1869.....	6,083,504	681,518	12.6	3,405,183	127.
1870.....	7,099,737	1,016,233	16.7	4,421,406	165.

Total increase in number of letters sent in eight years, 105 per cent.

Average increase each successive year over the preceding year, 13 per cent.

Taking the amount as shown in table No. 1, to which a semi-weekly line of American steamships would have been entitled in sea and United States inland postages for the fiscal year ending June 30, 1870, viz., \$255,564.79, as a basis, and assuming that the annual increase for the next fifteen years from 1872 will equal the average annual rate of increase from 1862 to 1870, which, as has been shown, was 13 per cent., the result would be as follows :

Total amount of sea and inland postages to which an American line of steamships would have been entitled for a semi-weekly mail service for the fiscal year ending June 30, 1870, as has been shown in table 1 .....	\$262,359 39
Add 13 per cent. for estimated increase for 1871 .....	34,106 72
	<hr/>
	\$296,466 11

Amount with 13 per cent. added for estimated increase for—

1872.....	\$335,006 70
1873.....	378,557 57
1874.....	427,770 05
1875.....	483 380 15
1876.....	546,219 56
1877.....	617,228 10
1878.....	697,467 75
1879.....	788,138 55
1880.....	890,596 56
1881.....	1,006,384 11
1882.....	1,137,214 04
1883.....	1,285,051 86
1884.....	1,452,108 60
1885.....	1,640,882 71
1886.....	1,854,196 46

Total estimated sea and inland postages of the United States for

semi-weekly service for the fifteen years ending June 30, 1886 ...\$13,540,202 77

Average per year..... 902,680 18

The foregoing estimated rate of increase, as has been stated, is based upon the actual rate of increase that took place from 1862 to 1870. From this it would appear that in asking from Congress a direct cash compensation of \$900,000 per annum for the semi-weekly conveyance of the mails for fifteen years, the undersigned would receive, assuming that they were to enter in 1872 upon the regular performance of a semi-weekly service during such period, the sum total of \$13,500,000, or \$40,202.77 *less than the Government would obtain from sea and inland postages, as given in the above estimate.* Presupposing, however, that during the next fifteen years the progress of the United States in population and commercial advancement is to exhibit, as it has done in the past, a steadily increasing volume and current, these estimated receipts will fall largely short of the actual results that will be developed, and the Government will thus find itself far more than indemnified for every dollar thus expended in behalf of American commerce.

*It would seem impossible for Congress to comply with the popular desire which prevails throughout the country for such action as will tend practically to aid in the revival of American commerce upon a more economical basis than that which we have proposed. It is, in fact, but a perpetuation, for a fixed and moderate period of years, of the policy adopted by Congress in*

1860, which, at all times since, has vested in the Postmaster General authority to cause the mails to be carried to foreign countries in American steamships, allowing and paying therefor the sea and United States inland postages.

While we have thus shown what the effect of the legislation which we ask will be in its direct financial results to the Government, we take leave also, to invite your attention to what the opposite results will be if Congress refuses to sanction the policy thus suggested.

Taking the sea postages alone for the fifteen years from 1872 to 1886, inclusive, which, under the existing system of carrying the mails by foreign steamships only, will be paid to foreign companies for such service, and estimating the annual amounts of such sea postages upon the same ratio of increase that has already been shown in the case of the estimated sea and United States inland postages during the same period, the result will be as follows :

Total amount of sea postages paid to foreign lines of steamships for the fiscal year ending June 30, 1870, divided into a service of four departures weekly.....	\$322,291 87
Amount, with 13 per cent. added for estimated increase for 1871....	364,199 81

One-half the above for semi-weekly service is.....	\$182,099 90
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Amount, with 13 per cent. added for estimated increase for—	
1872.....	\$205,770 88
1873.....	232,623 35
1874.....	262,864 38
1875.....	297,036 74
1876.....	335,651 51
1877.....	379,286 20
1878.....	428,592 40
1879.....	484,260 54
1880.....	547,214 41
1881.....	618,352 28
1882.....	698,738 07
1883.....	789,574 01
1884.....	892,218 63
1885.....	1,008,206 05
1886.....	1,139,272 83

Estimated total amount of sea postages that would be paid to foreign lines of steamers for semi-weekly service from 1872 to 1886.....	\$8,319,565 38
Average per year.....	554,644 35



Here, then, would be a line of public policy which would not alone constitute a refusal to aid and encourage the revival of American commerce, but which would take out of the public treasury and send out of the country between eight and nine millions of dollars for the direct benefit and aid of foreign commerce alone.

Under the provisions of this bill your memorialists will be compelled, in order to avail themselves of its provisions, to expend during the next three years, in the construction of first-class iron steamships alone, some eight millions of dollars, besides such additional amounts as the varied necessities of so vast an enterprise may require, and which cannot fall short of a sum total of ten millions. The capital thus required your memorialists are prepared to promptly provide if the congressional legislation which they ask for is accorded to them. The expenditure of so large a sum in this direction will set the ship-yards of the country in motion, and will for the first time fairly inaugurate the ship-building industry in iron ocean steamships in the United States. It will stay the loss of skilled labor in this direction which the country is now made every year to feel, and educate a new class of such laborers in this indispensable line of industry, so important at all times to national wealth and national security. It will revive the *morale* of American merchant seamen, and educate them for duty in time of peace or war; and it will give to the country a fleet of iron steamships that, whether for purposes of peaceful commerce or for naval service, cannot but be regarded as an absolute public necessity, the want of which is to-day a subject of national regret and humiliation.

Your memorialists have only further to add, that direct and substantial aid from the government is the only method that can be adopted to induce capitalists to invest in any enterprise looking to the establishment of American steamship lines between the United States and Europe, to enter into competition with the great number of foreign lines now existing. Nothing less than the equivalent of the aid asked for in the bill herein referred to would be of any permanent benefit toward the revival of American commerce.

ALEX. H. RICE,  
ROBERT CRANE,  
HEISTER CLYMER,  
ROBERT F. TAYLOR,

WILLARD B. FARWELL.  
AMBROSE SNOW,  
ALBAN C. STIMERS,  
And nineteen others.

PETITION TO CONGRESS BY A SPECIAL COMMITTEE OF THE BOSTON  
BOARD OF TRADE—FEBRUARY, 1864.

From which the following extracts are taken :

“ That prior to the application of STEAM to ocean navigation, the trade of the Atlantic was very largely, if not almost exclusively in the hands of the citizens of the United States, to whom it yielded valuable returns ; while the vessels employed in it were the admiration of all at the various ports to which they went, and everywhere reflected credit upon the national flag ;

“ That the change already referred to of the commerce of the Atlantic from sailing ships to steamers, has thus issued in the complete diversion of this commerce from American to European bottoms ; that we are at the present time totally dependent upon foreign flags for the transportation of our citizens, our correspondence and our merchandise to and from every foreign country (excepting Cuba and Panama) upon the globe ; and that consequently all monies earned by the conveyance of such passengers, mails and freight are remitted or are retained abroad ; thus diminishing our national importance with the people of other nations, and draining our resources at home ;

“ That foreign, and especially British Steamship Companies, with the assistance of government grants, and also aided by local facilities for the economical construction of the requisite hulls and machinery, have rendered it almost hopeless, by the occupation of our routes, and by their connections at our principal cities, to re-establish American steam communication with Europe ; and that by their accumulation of profits in the trade now monopolized by them, the difficulty of attempting competition with these companies is increasing daily.

“ That our citizens, desirous of increasing the export trade of Boston, and strongly urged by the business men of the West to give them a reliable and an American outlet for their produce to Great Britain ; and encouraged also by the concentration of railroads at this point, by the advantages of our harbor, by the cheapness and promptness of trans-shipment here, and by our comparative proximity to Europe, are seeking to establish such a line of steamships as is required *upon the route which perhaps is the most favorable one remaining at this time on which an American line can be started and sustained ;*



“ That while many circumstances combine to give promise of success to this enterprize, three very serious difficulties interpose themselves,—

“ 1st. The great foreign companies with which the AMERICAN STEAMSHIP COMPANY will have to compete, are heavily subsidized by the British government, one of them receiving a compensation of eight hundred and eighty thousand dollars annually.

“ 2nd. These companies can avail themselves of the abundance and cheapness of capital which exist abroad ; in addition to the large accumulated capital of their own, resulting from thier sole occupancy of the Atlantic routes.

“ 3rd. The unusual demands made upon all our shipyards and machine shops by the Federal government in its present exigency, have greatly enhanced the cost of materials and of labor, and will add largely to the cost of the proposed steamships over the ordinary prices ; therefore,—

“ In view of the foregoing facts, the undersigned Committee of the BOSTON BOARD OF TRADE, respectfully and earnestly petition your honorable body,—not to initiate or support,—but to encourage and foster this project, which had for its end the increase of our taxable property, the extension of our commerce and the honor of our flag ; and to render such pecuniary aid to the AMERICAN STEAMSHIP COMPANY by an annual subsidy for the carrying of the United States Mails, or by such other method of assistance as your honorable body may in its wisdom determine.

And your petitioners will ever pray.

BOSTON, February 24, 1864.

The preceding Petition adopted in Committee, consisting of the following named persons :

EDWARD S. TOBEY.	S. R. SPAULDING.
JAMES C. CONVERSE.	JOS. S. FAY.
AMOS A. LAWRENCE.	E. O. TUFTS.
JAMES L. LITTLE.	J. WILEY EDMANDS.
BENJAMIN E. BATES.	JAMES LAWRENCE.
JAMES H. BEAL.	JAMES M. BEEBE.
GEO. C. RICHARDSON.	JOSEPH H. WHITE.
WM. B. SPOONER.	HAMILTON A. HILL.



EXTRACTS FROM REPORT OF SPECIAL COMMITTEE OF CONGRESS  
ON THE CAUSES OF THE REDUCTION OF AMERICAN TONNAGE—  
FEB. 17, 1870.

“Every consideration, whether of interest or of national pride, impels us to build upon our own soil the ships which are to bear the flag of our country to all quarters of the globe.

“This result can only be accomplished by adopting a policy as liberal and enlightened as that of the nations with which we are to compete for the carrying trade of the world, which nations are now in possession of the field.

“Those nations admit all the material entering into the construction of vessels free of duty; they also allow the withdrawal from bond of all stores used on the voyage of a ship sailing to a foreign port, the same as though such stores were exported; and they pay liberally to steamers for carrying the mails, and thus establish lines to all parts of the world.

“The subsidies paid by Great Britain and France to establish their steamship lines, and for the promotion of their general shipping interests, are returned to them many fold by the nations that pursue a more narrow and short-sighted policy. It is the United States that supports the foreign steamships which run to and from her ports, by the mail, passenger, and freight money which she pays to them, rather than to establish lines of her own. Worse still, while we carefully scrutinize every appropriation for our own navy, we pay annually more to support this most efficient arm of the navy of Great Britain than is asked for the support of our own.

“*The testimony taken by the committee is nearly unanimous that by offering to our citizens the same encouragement and protection as is afforded by other commercial nations to their citizens, our shipping can be built and lines of ocean steamers established as fast as the requirements of business demand, and that there would be a present demand for ships if they could be cheaply supplied.*

“It is evident that our future wars with any of the great powers must be upon the ocean, and with an enemy that must cross the ocean to attack us, and whose vulnerable point to assail is the population and wealth which he has scattered on every sea.

“ Great Britain has, as we have seen, adopted the policy of subsidizing her lines of ocean steamers, and the result is that she has doubled the efficiency of her navy, and at the same time added immensely to her national wealth. These subsidized ships are subject at all times to the demands of the government. Our government has no such source to draw from, and must consequently depend entirely upon a navy supported in peace, to be available in war.”

RESOLUTIONS ADOPTED BY LEGISLATURE OF MASSACHUSETTS BY  
NEARLY UNANIMOUS VOTE—MARCH, 1871.

*Resolved, by the Senate and House of Representatives of the Commonwealth of Massachusetts,* That we respectfully but urgently request the Congress of the United States to give immediate relief to the ship-building interest of the country by passing such laws as, in the words of President Grant's last annual message, “ will secure American shipping on the high seas, and American ship-building at home.”

*Resolved,* That the legislature of Massachusetts are opposed to sending millions of dollars out of the country to purchase ships built by foreign artisans, to be sailed under the American flag, while ships can be built in the United States, by our own citizens, and mainly of American materials, provided an amount equal to the duties on iron and other materials used in the construction of said ships is granted to the builders by an act of Congress.

*Resolved,* That we gladly acknowledge the great assistance rendered by our mercantile marine to our gallant navy in making the blockade of our southern coast effective during the late civil war, and warding foreign recognition of the southern confederacy. And also its invaluable service in bringing to a successful termination the maritime war between the United States and England in 1812; thus clearly illustrating the importance of a mercantile marine, built by American artisans and navigated by American seamen, as a means of *national defence*.

*Resolved,* That the closing up of our shipyards and marine engine shops for want of encouragement, and the great length of time it would take to re-organize and equip them in case of war, together with the fact that our ship-building talent is fast

disappearing for want of employment, are considerations which furnish just cause for alarm.

*Resolved*, That the policy of Great Britain, our great naval and commercial rival, in omitting to tax the materials which enter into the construction of ships, and the fact also that she has built in private yards four-fifths of the iron ships now in her navy, should suggest to the government of the United States the great economy and advantage of adopting, by appropriate legislation, a similar policy in this country, in order to sustain at the least possible cost to the national treasury an efficient auxiliary to the navy, and to augment the national wealth by developing a branch of industry which all maritime nations have found it necessary to foster.

*Resolved*, That the people of Massachusetts will rejoice in the return of the day when our commerce shall again prosper on every sea, and when the flag of our commercial marine shall again lead the world.

*Resolved*, That a copy of these resolutions be sent to each member of Congress from this State.

EXTRACT FROM REPORT OF SPECIAL COMMITTEE OF 27, TO THE NATIONAL COMMERCIAL CONVENTION HELD IN BOSTON, FEBRUARY, 1868, AND CONSISTING OF 240 DELEGATES FROM THE SEVERAL COMMERCIAL ORGANIZATIONS IN THE UNITED STATES. THE REPORT WAS UNANIMOUSLY ADOPTED.

We believe it is not too much to assume that the splendid achievement of the Kearsarge, the brilliant victories of Farragut at New Orleans and Mobile, of Rogers at Savannah, of Porter at Fort Fisher, and others equally worthy of mention, could not have been accomplished without the hardy sons of the ocean taken from our merchant ships, and previously educated in the merchant service. The tens of thousands of seamen drawn from the New England States to recruit the navy, are in proof of the truth of this position. The admission of foreign-built vessels to American registry, as proposed by a few persons, would be the last blow to prostrate American shipping interests still more; and indirectly, yet effectually, render our navy dependent in part on foreign mechanical industry and material. By such a



transfer of industry to the workshops and shipyards of Europe, as must result from the *purchase of foreign-built vessels*, the gold of our treasury must be transferred in payment for them to the same nation which so largely coöperated in the work of *destroying American shipping*; capital and labor hitherto employed here in construction of vessels and steamers must be dispersed, and when it shall be again necessary to extemporize a navy and a fleet of transports, we shall have the privilege of drawing on English workshops, which, under her construction of neutrality, may possibly be closed to us. But the proposition of thus denationalizing American shipping commerce appears so unpatriotic, as well as unwise, that we forbear to expand argument upon it.

As an *economical measure* to the government, can it be doubted that the mercantile marine, with the men and workshops sustained by private capital, are a cheaper resource to the navy to meet an emergency, than mammoth establishments, and immense naval fleets, adequate to the possible and sudden exigencies of the government, kept up at great cost to the treasury? As the people do not believe in large standing armies in time of peace, neither do they wish to be taxed to keep up large naval establishments in time of peace, with little or no commerce to protect. The former high position of the United States as a naval power, in comparison with that of England and France, has been acquired by the coöperation and aid of maritime commerce; it can only be sustained in the future by a similar intimate relation and alliance.

## LETTER FROM SHIP-BUILDERS.

BOSTON, MARCH 31, 1871.

*Hon. E. S. Tobey:—*

DEAR SIR,—The undersigned ship-builders would inform you, in reply to your inquiries, that a ship of one thousand tons, first-class in all respects and ready for sea, can be built for seventy dollars per ton, register measurement.

It is our opinion, if Congress will cheapen the cost of materials entering into the construction of vessels by remission of duties and taxes, and also on supplies used on shipboard, the mechanics of this country can build in successful competition with all nations.

[Signed,]

PAUL CURTIS,  
A. & GEORGE T. SAMPSON,  
DONALD MCKAY,  
TAYLOR, CAMPBELL & BROOKS,  
JAMES O. CURTIS, Medford.

IN CONFIRMATION OF STATEMENT IN SPEECH ON PAGE 21.

NAVY DEPARTMENT, }  
WASHINGTON, APRIL 5, 1871. }

SIR,—Your letter of 30th ultimo, was received and referred to Chief Naval Constructor Isaiah Hanscom, Chief of the Bureau of Construction and Repair, who makes the following report:

“The most efficient iron-armored vessels in the U. S. Navy, are built of wood frames and wood planking; outside the planking is put the timber backing, and on that the iron armor. The greatest number of armed vessels belonging to the U. S. Navy are iron hulls with wood backing, on which is fastened the iron armor.”

Very respectfully,

GEO. M. ROBESON,  
Secretary of the Navy.

EDW'D S. TOBEY, ESQ.







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